



Annual Report and
Financial Statements

Year ended 31 March 2020

Registered Company: 3451979

Registered Charity: 1065552

The Nationwide Foundation's trustees' report for the year ended 31 March 2020

About the Nationwide Foundation

The Nationwide Foundation is a charity that improves the lives of people in need by funding charitable causes and influencing change. At its heart, is a commitment to tackling the root causes of social problems that lead to disadvantage, poverty and inequality. Key to the Nationwide Foundation's approach is creating a legacy, so that fewer people experience negative social outcomes in the future, because of our intervention today.

The Nationwide Foundation's ambition is to contribute to meaningful, long-term and lasting social change. This takes time; and the Nationwide Foundation uses a theory of change to guide its work and has a team of staff and trustees who are committed to and passionate about delivering systemic change. The Nationwide Foundation engages carefully with the right experts, academics, policymakers and frontline staff to ensure it has the knowledge and expertise to make a real difference.

The Nationwide Foundation was established by Nationwide Building Society in 1997 as a fully independent charitable foundation.

Decent Affordable Homes Strategy overview

The failure of the housing system, characterised by the desperate lack of decent, affordable homes, is one of the most pressing social problems facing the UK today. Poor quality, unaffordable housing causes serious harm to individuals, families and communities.

As a charity that creates positive and lasting changes to tackle disadvantage in the UK, the Nationwide Foundation's vision is for everyone to have a decent home that they can afford. The Nationwide Foundation uses its knowledge, leverage and funding of others to influence changes to the housing system and achieve its aim of increasing the availability of decent affordable homes for people in need.

The Nationwide Foundation is committed to its Decent Affordable Homes strategy until at least 2026; this in recognition of the severity of the housing crisis and the significant work that is needed to help create a modern housing system that works for us all.

Public benefit

Having somewhere safe and secure to live is a basic human right, yet the lack of decent, affordable housing is one of the most pressing social problems facing the UK today, causing harm, not only to individuals and families, but also to communities and society more widely.

The UK is facing a long-term housing crisis: homeownership is increasingly unaffordable; there is a severe shortage of social housing; and the limited options in the private rented sector are often unaffordable, insecure and poor quality. The high cost of housing in many areas is a direct cause of poverty, with poor housing exacerbating the impact of poverty and limiting or even blocking the pathways people have to improve their health, employment, education and family life.

The Nationwide Foundation's trustees understand that the conditions, stability and cost of housing have far-reaching impacts on the quality of people's lives. What's more, those who are vulnerable are most deeply affected by the damaging impacts of poor housing, while at the same time, often being the people least able to improve their situations.

The Nationwide Foundation's Decent Affordable Homes strategy aims to tackle the root causes of those negative impacts, by creating the conditions for good quality, stable and affordable housing that is available to those in need.

The Nationwide Foundation's trustees refer to the Charity Commission's guidance on public benefit when reviewing the Nationwide Foundation's aims and objectives, in planning future activities, setting grant-making policy and making funding decisions.

Summary of the year

In 2019/20 Decent Affordable Homes Phase Two entered its fourth year.

Work within Phase Two continued at pace, including the award of further funding, assisting grant-holders with their theory of change frameworks and ensuring that the funded projects were appropriately monitored and supported. Alongside this, the Nationwide Foundation concentrated on its own influencing work; ensuring that relationships are built with those making decisions and that its voice on how change should happen is heard.

As planned, work also began to consider what Phase Three of Decent Affordable Homes will look like, while work continued with the few remaining multi-year projects from Phase One.

Grant-making

2019/20 saw the Nationwide Foundation awarding new funding and supporting existing projects in receipt of multi-year grants (from both Phase One and Phase Two). The Nationwide Foundation has three programmes under Decent Affordable Homes Phase Two and all awarded new funding this year.

Influencing change

It is the Nationwide Foundation's belief that wholesale change is required across the UK housing system before effective and long-lasting improvements can happen to reduce the harm that poor quality and unaffordable housing causes and perpetuates. The Nationwide Foundation influences for positive change in two ways; indirectly by funding charitable causes and then working with grant-holders to disseminate their evidence and learning, and directly through its own contact with decision-makers.

The Nationwide Foundation occupies a rare space as a long-term funder in the housing sector and this has meant that it has been able to develop and strengthen a voice of its own. Increasingly in 2019/20, this voice was used to persuade change-makers and build consensus among charity partners.

During the year 2019/20, the Nationwide Foundation undertook a programme of targeted engagement with external stakeholders, including politicians, civil servants, housing experts and opinion-formers. The intention of this has always been the same – to find and promote ideas which can change the housing system and to foster an environment where change becomes more likely.

The Nationwide Foundation prioritises key issues that it considers will lead to an increase in decent affordable homes through systems change. This approach means that its resources are used prudently, its voice is strengthened, and it is known for speaking out on specific issues, so that messaging can be sharpened to improve impact.

Among the subjects that the Nationwide Foundation has taken a prominent role in influencing this year are the extension of the Community Housing Fund and the importance of security of tenure for private rented sector tenants.

One area of influencing activity by the Nationwide Foundation that became important at the very end of the year was to press for adequate provision for those threatened with homelessness or living in insecure housing during the Covid-19 pandemic. Through direct contact with politicians and via public communications, the Nationwide Foundation added its voice to the collective pressure on those in power. The immediate intention was to temporarily halt eviction proceedings from the private rented sector, as well as to make sure that incomes are secure enough that people can meet their housing costs. This was an ongoing and evolving priority at the end of the year.

Charitable objects

Established in 1997, the Nationwide Foundation is a registered charity supported by, but independent of, Nationwide Building Society. The Nationwide Foundation was established with the objects:

“To promote such purposes being exclusively charitable according to the law of England and Wales as the trustees shall from time to time determine. In carrying out the objects the Foundation may make and receive donations.”

Grant-making policy

The Nationwide Foundation's trustees and staff are committed to robust, transparent governance and grant-making policy.

The trustees of the Nationwide Foundation are committed to:

- ensuring that the Nationwide Foundation's funds are deployed for maximum benefit
- developing its funding programmes by incorporating research and learning.

The Nationwide Foundation:

- seeks to fund work that addresses the root causes of social issues
- identifies specific funding criteria to make best use of the funds available: this is based on research, evaluations of previous work and stakeholder engagement
- awards funding to organisations delivering work in the UK.

The Nationwide Foundation is a Living Wage Friendly Funder and is committed to ensuring that fair wages are paid, as an obvious and simple way of tackling poverty and disadvantage.

Decent Affordable Homes Phase Two

A summary of Decent Affordable Homes Phase Two, which began in 2016, is shown below.

Decent Affordable Homes Phase Two	
Our vision is	for everyone in the UK to have access to a decent home that they can afford
Our aim is	to increase the availability of decent, affordable homes for people in housing need
Our charitable focus is	on solutions that reach people who are, or are at risk of being, in need
Our commitment is	long term (10 years)
Our strategic approach is	to influence changes to the housing system by supporting, testing and evidencing solutions for increasing the availability of decent, affordable homes for people in housing need
To do this we will	<p>use all of our resources to</p> <ul style="list-style-type: none"> • support new ideas for solutions • support practical experience to learn what works on the ground • connect those with knowledge to those with power to make change happen at scale • collaborate and engage with others

Our programmes are	Nurturing Ideas to Change the Housing System	Backing Community-Led Housing	Transforming the Private Rented Sector
The change we want to see (our outcomes)	Ideas for protecting and creating decent, affordable homes flourish and result in changes that lead to an increased number of homes for people in need	Community-led housing delivers an increased number of homes for people in need	The private rented sector provides homes for people in need, which are more affordable, secure, accessible and better quality
To make the changes we want to see happen, our funding focusses on	<p>Generating more ideas on how to protect and increase the supply of decent affordable homes</p> <p>Having an improved understanding of which ideas have the potential to create change</p> <p>Changing policy and practice to support the implementation of ideas</p>	<p>Ensuring there is better access to information, support, advice and technical expertise that is needed to progress a scheme</p> <p>Increasing the availability of suitable and affordable finance at every stage</p> <p>Increasing access to land and properties currently not used as homes</p>	<p>Ensuring there is more robust evidence of the solutions to address the issues of cost, quality, security and access in the private rented sector is available and used to inform policy and practice</p> <p>Making sure tenants have a stronger voice in the debates on the private rented sector and housing</p>

Activities and Achievements

Since the beginning of the Decent Affordable Homes Phase Two strategy, the Nationwide Foundation has been developing and expanding its influencing activities across all three of its programmes to bring about changes to the housing system. It has increased its presence and credibility within the housing sector and its understanding of which approaches are most effective for it to use. Some of the influencing is carried out by the grant-holders, while other aspects are carried out by the Nationwide Foundation itself.

For the Nationwide Foundation's own influencing activities, a tailored approach has been taken, which has seen the Nationwide Foundation engage with decision-makers in a range of ways, dependent upon which is most appropriate and most likely to achieve results.

In the year 2019/20, the Nationwide Foundation awarded funding of £2.6 million to projects that advance its aim of increasing the availability of decent, affordable homes for people in housing need.

Response to Covid-19

In March 2020, the UK went into lockdown because of the Covid-19 pandemic. The Nationwide Foundation implemented immediate steps to protect staff, support grant-holders and understand the impact on the wider housing sector. In the following months, work to gain learning and greater understanding of the short, medium and long-term changes to the housing sector took place to help inform the Foundation's future delivery plans.

Arrangements for staff

All Nationwide Foundation staff have been able to work from home, so the work of the Nationwide Foundation has continued with minimal interruption.

Support for grant-holders

The Nationwide Foundation was quick to reassure all grant-holders that their funding was secure and that it could be used flexibly. This allowed them to be responsive within their organisations and communities.

To offer further security, the Nationwide Foundation set aside 25% of its anticipated 2020/21 grant-making budget to provide additional funds to support grant-holders' Covid-19 associated needs. This included support to cover financial losses as a result of cancelled events, support to obtain technology to assist with remote working and funds to extend delayed projects.

The feedback from grant-holders on the approach taken by the Nationwide Foundation was positive.

Understanding the wider housing sector

The Nationwide Foundation's staff have been working across the three programmes to build an understanding of the impact Covid-19 was having on the UK's housing system.

Covid-19 has not uncovered new issues for those in housing need but has shone a spotlight on the issues that were already well known.

The most immediate impact was seen by those living in the private rented sector, where reduced incomes had an impact on the ability of some tenants to pay their rent. This, alongside the fact that private sector tenants were isolating in some of the poorest quality homes, meant that problems already apparent within the private rented sector have been exacerbated.

Moving into 2020/21, it is feared that an increase in homelessness could occur once protections for tenants from eviction put in place during the pandemic are no longer in force.

Activities and Achievements: The Programmes

Nurturing Ideas to Change the Housing System

Activities

New funding under this programme in 2019/20 was awarded to:

Knowle West Media Centre - The We Can Make project, is exploring an innovative way for unused pockets of land on a low-density housing estate in south Bristol, to be used create affordable homes. We Can Make has worked closely with Bristol City Council, to overcome some of the project's biggest barriers and, as a result, the Council has adapted its local planning framework. As well as building new affordable homes, the new funding will deliver a fully tested, functioning model and set of tools, available to anybody in the community wishing to build their own home.

Town and Country Planning Association– This project proposes new legislation, the Healthy Homes Act, which would transform decency standards of new homes, as well as preventing permitted development from creating poor housing. Since the expansion of permitted development rights, there have been numerous examples of poor quality, ill-sited homes created from old industrial or office complexes. The Healthy Homes Act will promote a range of positive changes to decency standards designed to improve the safety of homes as well as safeguarding basic amenities.

Frameworks Institute – The Talking about Housing research, being carried out by the Frameworks Institute, is taking a social science approach to develop and implement an evidence-based housing communications strategy that will build support for changes that will lead to a more effective and balanced housing system in the UK. It will test specific language, phrases and explanations, and offer empirical guidance on what to say, how to say it and what to leave unsaid so that understanding of the often complex housing issues and solutions increases. The objective of the work is to produce a communications framework for the housing sector that can be used to build public support for housing solutions and in turn increase pressure on decision and policy makers. This work is jointly funded with the Joseph Rowntree Foundation.

Achievements

By far the biggest piece of work to deliver this year was the publication of the final report of the **Affordable Housing Commission** in March 2020. This project published a comprehensive set of 53 recommendations which will be used to influence changes in public policy.

The Commission's report has an overarching theme which highlights the need to rebalance the housing system, with a shift towards more households living in a larger social housing sector and a more suitable private rented sector by 2045. Alongside this, the Affordable Housing Commission's report makes a clear call to define exactly what affordable means in the housing sector, recommending an end to affordability based on market rates.

The launch of this report achieved coverage in the housing press, as well as on mainstream news services including the BBC, the Daily Mail, the Independent and Yahoo.

Most importantly when it comes to enacting long-lasting policy change, the report was well received and recognised by key politicians with an interest in housing.

At the end of March 2020, the Nationwide Foundation was giving thought to how the important work of the Affordable Housing Commission could be expanded and how to give its recommendations the best chance of being adopted.

Alongside this work, other multi-year grants, awarded funding in previous years, have continued to make progress during the financial year, with some reaching a stage of significant results or completion.

The **Young Foundation's 'Reimagining Rent'** accelerator programme entered its final phase in 2019/20, with the final cohort of innovators brought on board. This project has sought to give exposure and support to fledgling organisations and projects that have ideas with the power to transform private renting. A key aspect of this support has been annual 'Dragons' Den' type events, where members of the project are able to pitch their ideas in front of an audience of possible investors. Since 2017, 19 projects have been supported and over £1 million in investment has been raised by early-stage ventures.

Another multi-year grant, **West Kensington and Gibbs Green Community Homes** successfully helped to save housing estates from demolition and campaigned for the estates to be brought into community ownership. At the end of 2019 an application was made by West Kensington and Gibbs Green Community Homes to purchase the estates was successful, and the organisation is now progressing to the next stages in its bid for ownership. Among the challenges that this project encountered were the length of time taken for the Secretary of State to decide whether or not the application to purchase the estates should be approved and changes to the ownership of the estates between the Council and private developers. This has meant that progress on this project has not been linear or very quick. While this project has had to take a number of unexpected routes, the grant-holder has remained focussed and committed to the end goal, and the Nationwide Foundation is following developments in the area of community ownership policy with interest.

Backing Community-Led Housing

Activities

New funding under this programme in 2019/20 was awarded to:

- **CAF Venturesome Community Led Housing Fund** - The Community Led Housing Fund pools resources from a number of social investors, including a programme related investment from the Nationwide Foundation, and lends money to community groups providing new homes. As well as providing support for the construction of homes, the fund also helps groups to purchase land, which is a considerable barrier when trying to build homes in some communities. The Nationwide Foundation contributed to the two previous versions of this fund.
- **National Community Land Trust Network** – This grant contributes towards core funding of the National Community Land Trust Network so that it can deliver its business plan over the next three years. The Nationwide Foundation’s funding will support specific outcomes which address the key barriers of finance and land faced by community land trusts and the wider community-led housing movement.

Achievements

Of the existing grants awarded in previous years, a number reached key milestones during 2019/20. Highlights for the Backing Community-Led Housing programme were two new publications, by **New Economics Foundation** and the **Wales Co-operative Centre**, disseminating findings of funded research.

New Economics Foundation’s [Building the Social Homes We Need – Solving the land and capacity challenges](#) made the case that public land should be used for affordable homes, rather than simply being sold off to the highest bidder. The report recommended that decisions about land disposal should be taken away from national decision-makers and given to communities. It also suggests how land pricing and availability could be altered to build more truly affordable homes.

Research by the **Wales Co-operative Centre** [Assessing the Potential Benefits of Living in Co-operative of Community-Led Housing](#) explored the many and varied benefits of living in co-operative and community-led housing. It found that these ranged from a reduction in loneliness to improved employability. The launch of the report was attended by the Minister for Housing from the Welsh Government, where the minister championed the role that co-operative and community-led housing had to play in delivering affordable housing in Wales.

A key success in longer-term influencing which came to fruition was from the **New Economics Foundation’s** (Nef) previously funded work. This had assessed what changes might be required for more affordable housing to be built by utilising public land and developed a way to track how many affordable homes had been built on sold-off public land. This revealed that little attention was paid to what type of homes get build on public land and only a very small proportion of homes were affordable, and a negligible amount of them were for social rent. Following criticism by a public inquiry into land disposal targets, the Ministry for Housing, Communities and Local Government commissioned Ordnance Survey to use Nef’s methodology to report on social and affordable housebuilding as part of the public land sale programme.

More widely, the Nationwide Foundation has been actively engaged in trying to influence the government to extend and renew its Community Housing Fund. This influencing activity has been nuanced, with a range of techniques being employed, including direct lobbying of decision-makers, applying public pressure ahead of the Budget and coordinating joint letters, signed by other funders and lenders. There is hope that funding for community-led housing will feature in the forthcoming autumn Spending Review.

Transforming the Private Rented Sector

Activities

New funding under this programme in 2019/20 was awarded to:

- **Rent Better by Indigo House** - Following an application process, Indigo House was selected to carry out qualitative research and quantitative analysis about the impact on tenants and landlords of changes made in Scotland's private rented sector tenancy system. This follows changes made in 2017 to the way that homes are rented, meaning an end to fixed term tenancies and no-fault evictions, as well as a new tribunal system which seeks to give both landlords and tenants a clear path of recourse. The work is scheduled to take a total of three years, and the Nationwide Foundation hopes to use evidence from the work carried out by Indigo House to inform improvements in Scotland, as well as wider reforms in the UK's private rented sector.
- **University of York's Centre for Housing Policy** – The Nationwide Foundation has funded new research which is looking at the lower-end of the private rented sector; this specifically refers to the 30% of cheapest properties in the private rented sector, often rented by people who might have used social housing in the past. This research will consider landlords' experience in this part of the rental market and look at how sustainable it is for both landlords and tenants.

Following its launch in 2018/19, the tenants' voice programme awarded funding in the region of £800,000 to a mix of tenant unions and organisations that champion the rights of tenants. In a variety of ways, each of the funded projects work to strengthen the voice of tenants and ensure that they are heard when decisions are made which affect them. A learning event was held in London in early 2020, allowing all grant-holders to meet each other and share experience and best practice.

The organisations funded through the tenant voice programme are:

- Camden Federation of Private Tenants
- Citizens Advice
- Housing Rights
- Living Rent
- Shelter
- Tenants Union
- Z2K

Fair Housing Futures' test and learn fund saw the Fair Housing Futures partnership board award grants to five Greater Manchester-based organisations with new and innovative ideas to improve and change renting in the region for the better. The funding went to new and interesting ideas that are relevant in Greater Manchester and also could be replicated elsewhere. The organisations supported by the test and learn fund include the Bond Board, which works with lettings agents to prevent homelessness, and Salford City Council, which employs a tenancy support officer with the grant.

Achievements

In 2019/20, Transforming the Private Rented Sector moved from a phase where there was a greater focus on decisions about who to fund, to being in a position to capitalise on learning from funded projects and relationships that have been built with sector colleagues. Among project-based achievements, funded projects are reaching a level of maturity, reflecting the hard work of both staff members, volunteers and the Nationwide Foundation.

Fair Housing Futures in Greater Manchester is an example of this process of maturation. In the interim report from the Nationwide Foundation's learning partner, Sheffield Hallam University, the extended length of time Fair Housing Futures has taken to set-up and become fully operational was referenced, concluding that the additional time had been necessary as: 'it does appear to be the case that the extra time taken for the project to establish has been worthwhile as an evidence base was established and a coherent Board was in place'.

Another achievement within this programme was the way that the Nationwide Foundation and the work it funds influenced partners and decision-makers who have a direct impact on private renting. The previously published review, **The Evolving Private Rented Sector: its Contribution and Potential** (2018) by Julie Rugg and David Rhodes from the Centre for Housing Policy at the University of York was cited on numerous occasions. For example, in London Mayor Sadiq Khan's published model for renting in the capital, five of the six 'vulnerability categories' from the review are used; and the review was referenced by the Labour Party in the run-up to the 2019 General Election. This referencing indicates that the review has become an accepted and embedded seminal paper on the private rented sector. The review mapped the private rented sector, as well as sought to understand how the market worked and who was living in the homes it provided.

Added Value support

In addition to funding for programme-specific work, the Nationwide Foundation also funds activities that add value to the work and operational capacity of the grant-holders. In 2019/20, Added Value grants were awarded for:

- A governance review for Dumfries & Galloway Small Communities Housing Trust
- Bespoke community-led housing training for the Communities Creating Homes team at the Wales Co-operative Centre
- Customer relationship management and communications software for the Highlands Small Communities Housing Trust
- A legacy report and an end of funding event for the Task Force at Nacsba
- HR advice for a community-led housing hub
- IT installation work allowing staff at a community-led housing organisation to work from home
- Assistance with travel costs so that training could be attended
- Support for the Camden Federation of Private Tenants to update its outdated office equipment
- A mapping housing workshop run by New Philanthropy Capital and attended by people from across the housing sector.

Learning and Evaluation

One of the Nationwide Foundation's core values is continuous learning. It wants to know how it is doing towards achieving its programme outcomes; what it can learn from the activities that it funds; and how it can use the learning to inform greater progress towards the outcomes.

The Nationwide Foundation also recognises that much of what is funded is emergent and innovative, and therefore believes that learning and adapting in real time provides the best opportunities to further the outcomes. The Nationwide Foundation supports grant-holders to adapt their plans as they discover what is working well and what is not, as well as being reflective and responsive to changes that it needs to make to its own plans.

Outcomes frameworks

Following work in 2018/19 to build and embed monitoring and evaluation frameworks, all grant-holders under Decent Affordable Homes Phase Two have worked with NCVO Charities Evaluation Services and Nationwide Foundation staff to ensure that their projects are able to adequately capture changes and learning that are occurring as a result of their work.

Not only has this helped the Nationwide Foundation to establish an overall framework to evaluate progress, but grant-holders feedback has consistently highlighted that the process is of benefit to them and the development of their organisation.

Learning and evaluation partner

Sheffield Hallam University's Centre for Regional Economic and Social Research was appointed during 2018/19 as the Nationwide Foundation's learning and evaluation partner to assess:

- 1) the Nationwide Foundation's effectiveness in delivering its interim and programme outcomes
- 2) the effectiveness of the Nationwide Foundation's approach as a funder
- 3) the wider impact that the Nationwide Foundation and its work could be having.

In May 2019, Sheffield Hallam University published its first interim report. This report was welcomed by the Nationwide Foundation as it allowed insight during Decent Affordable Homes Phase Two, rather than offering retrospective insight once the strategy had come to an end. As part of compiling this report, Sheffield Hallam University engaged with external stakeholders, grant-holders, staff members and attended learning events.

Among its findings, Sheffield Hallam University found that the Nationwide Foundation's highly engaged and distinctive approach as a funder is largely welcomed by grant-holders. Programme managers were viewed by grant-holders as having a solid understanding of their projects and 95% of responding grant-holders reported having a positive relationship with the Nationwide Foundation.

With regard to the three programmes:

- Nurturing Ideas to Change the Housing System was judged to be an exciting programme, however, one that also carries inherent risk
- Backing Community-Led Housing demonstrated good continuation from the previous Phase One work. The Nationwide Foundation is now well-known and influential within the community-led housing sector
- Transforming the Private Rented Sector was recognised as having made significant progress with particular emphasis on the contribution made by the review by the Centre for Housing Policy at the University of York. This programme was also acknowledged for successfully bridging research with action.

Phase One (2013-16)

Activities and Achievements

The Decent Affordable Homes Phase One strategy ended in 2016, so no new funding was awarded in 2019/20, however some multi-year funded work was on-going to achieve the outcomes.

Outcome: Long-term empty properties are brought into use as homes for people in need

By the end of 2019/20, **YMCA Glenrothes** was the only project that remained active under this strategic outcome. It is continuing its work to purchase empty homes and convert them into secure accommodation for vulnerable people. During the year, the funding to Community Campus 87 came to an end, with two empty properties brought into use.

Outcome: Alternative housing models with the potential to scale, provide more affordable homes and their value is recognised by other funders, lenders or government

By the end of 2019/20, all projects funded under this strategic outcome were complete. The two projects that ended were:

- Five years of support to the co-operative and community-led housing movement in Wales, which was delivered by the **Wales Co-operative Centre**. This funding differed from current funding of Wales Co-operative Centre in that it resulted in the direct delivery of community-led housing, rather than taking a supportive role of the sector as a whole. This funding resulted in direct input into the building of 26 new affordable homes and played a supportive role in the creation of a further 57
- Pre-development and development loan funding for community land trusts, sourced via a social investment fund, **CAF Venturesome's CLT Fund II**

It is of note, that for both organisations, new funding has been secured from the Nationwide Foundation during the last financial year under Decent Affordable Homes Phase Two.

Governance

During 2109/20 the Nationwide Foundation introduced a board observership role. This was an opportunity for the Foundation to offer an aspiring trustee first-hand exposure to the workings of charity board without taking on any decision-making responsibility or voting rights.

The observer participates in all board activities to learn about the fundamental principles and functions of a not-for profit board. And, the contributions from an observer individual enhances the diversity of perspective on the board.

The Foundation will review the experience for both the individual and the organisation and hopes to make it a permanent feature so that more people can access an experience to help them become board ready.

Future Plans

Responding to Covid-19

The impact of Covid-19 will require the Nationwide Foundation to be responsive, agile and supportive. The goals in respect to this are:

- Supporting grant-holders as far as possible to manage the impact that Covid-19 has had or will have on their organisations and funded projects
- Gathering intelligence about how Covid-19 has changed the external context in relation to the objectives of the Decent Affordable Homes strategy
- Identifying and acting on new and significant opportunities that will progress the objectives of the Decent Affordable Homes strategy.

Strategic review

As 2019/20 came to a close Phase Two of the Decent Affordable Homes strategy - a three-year delivery plan within the overall 10-year Decent Affordable Homes strategy – was coming to an end and the Nationwide Foundation was in the midst of a strategic review. This involved a thorough review of Phase Two and planning for Phase Three. During the year the trustees agreed that the direction of Phase Three would be based on the following:

- Continuing to influence the long-term changes that are needed to make the housing system fit for purpose.
- Using the learning and evidence from Decent Affordable Homes Phase Two as the foundation for Decent Affordable Homes Phase Three. Where the Nationwide Foundation goes next will be based on taking the work from Decent Affordable Homes phase two to the next stages.
- Understanding what the Nationwide Foundation's key assets are - not just the provision of funding but also the Nationwide Foundation's voice, networks and independence.

The Covid-19 pandemic was ongoing at the time of writing and the timescales for concluding the review had changed. The development of Phase Three will continue, with the aim of concluding it during the year. However, the Nationwide Foundation will take more time to consider the medium to long-term plans for the delivery of the strategy. This will allow for the team to focus on the more immediate priorities noted above and gain a greater understanding of how the context has shifted and what this means for the Nationwide Foundation's future plans.

Aware that there is increased uncertainty about many aspects of the future, the trustees wish to consider how those uncertainties will affect future plans. Of significance to the Nationwide Foundation are the uncertainties surrounding housing policy, the funding environment and the resilience of the funded organisations and other key stakeholders in the housing sector. A scenario planning process involving trustees, staff and external stakeholders will be used to identify robust strategic options in such an uncertain future.

Grant-making activities

The Nationwide Foundation's grant portfolio is made up of mainly multi-year grants that will be ongoing during 2020/21 and the Nationwide Foundation will continue to work with these existing grant-holders.

Work due to be completed in 2020/21 includes:

- Research undertaken by the **University of York** into the lower end of the private rented sector. Granted under the Nationwide Foundation's Transforming the Private Rented Sector programme, this work will build an understanding of landlord and tenant activity.
- Work to highlight and champion recommendations from the **Affordable Housing Commission**, including:
 - ensuring that influential policymakers are aware of the report and its relevant findings
 - funding The Smith Institute to compile a further report exploring the economic response to Covid-19 and how a rebalancing approach to housing could play an integral part in any future economic recovery.

- Ongoing findings from **Indigo House**, funded in 2019, will also emerge in the next financial year. The project looks at the introduction of the Private Residential Tenancy and First Tier Tribunal for Housing, both key housing reforms in Scotland in 2017. These changes are considered, along with the impacts and unintended consequences of them on both landlords and tenants. The outcomes of this work will be used to further inform the Nationwide Foundation's influencing activity around the proposed Renters Reform Act which the Westminster government is due to bring forward.

Alongside completing projects, the **Talking about Housing** work by the **Frameworks Institute** will become more impactful and high-profile over the coming financial year. The Nationwide Foundation will engage with the team at the Frameworks Institute to inform the areas of work, as well as working to embed results that are forthcoming.

During Phase Three of the Decent Affordable Homes strategy, it is likely that the number of new grants awarded will decrease. This has always been a part of the strategic plan, as the Nationwide Foundation narrows its focus towards influencing change in the housing system, rather than funding more projects. This is likely to occur at the same time as an expected reduction in funding.

Learning and evaluation

Sheffield Hallam University, the Nationwide Foundation's learning and evaluation partner, will take a closer look at the role that the Nationwide Foundation plays as an influencer within the wider housing sector during 2020/21. The researchers will carry out interviews with external stakeholders to build a picture of the influencing activity that staff members have engaged in and consider how effective it has been.

Structure, Governance and Management

Governance

The Nationwide Foundation:

- Is a company limited by guarantee (no. 3451979) and a registered charity (no. 1065552) which operates in accordance with its Articles of Association and Revised Memorandum.
- Is governed by a board of 10 trustees (maximum) which sets the policies and strategy of the Foundation and approves large grants.
- Has seven trustees who are appointed by the board, following open advertisement and interview, and three trustees who are appointed by Nationwide Building Society.
- Appoints trustees for up to three, three-year terms following the consideration and approval of the board. All trustees undergo an in-depth induction and are offered training as well as opportunities to attend meetings with funded organisations alongside Nationwide Foundation staff. The board typically meets four times a year, plus an annual strategic away day.
- Has three trustee advisory committees and groups, to which it delegates various aspects of the Nationwide Foundation's work, with oversight and ratification of their decisions by the board:
 1. Finance and risk committee (comprising of five trustees, the chief executive and accountant): in 2019/20 this committee advised on the audit, risk oversight, budget and investments.
 2. Nominations and remunerations committee (comprising of five trustees including the chair, vice-chair and at least one Society appointed trustee who was included in the quorum): in 2019/20 this committee focussed on extending the maximum term for trustees and the recruitment of a new trustee.
 3. Strategy working group (comprising of five trustees, the Chief Executive, Head of Programmes and Communications, Policy and Public Affairs Manager): this group was established in 2019/20 to consider the development of Phase Three of the Decent Affordable Homes Strategy. The working group will exist for the duration of the strategy development.
- Undertakes an annual skills audit of the board. In 2019/20 the audit was used to appraise the skills of the board and agree actions for strengthening those skills when recruiting for new trustees.
- Reviews its application of the Charity Governance Code every three years. This took place in September 2019. The review concluded that the Foundation fully applies most of the recommended practices and its approach is in keeping with the spirit of the code. Actions were agreed to make improvements to a small number of partially applied recommended practices in relation to diversity.
- Maintains a risk register to identify the major risks to which the Nationwide Foundation is exposed. During the year, the board reviewed the register. Major risks identified were decreasing funding and loss of staff, both due to the impact of Covid-19.
- Undertakes an independent audit of its internal controls every two years. This took place in 2019/20 and concluded that key controls worked, were efficient and built to last. Recommendations for some improvements were being actioned.
- Has a conflicts of interest policy for both trustees and staff and maintains a register of declarations. Trustees declare conflicts of interest at the start of each meeting and withdraw from decisions where there is a conflict. A code of conduct also exists for trustees.
- Reviews its governing document every three years. This took place in 2019/20 and changes to the documents including the use of gender-neutral pronouns were approved.

Board changes

- During the year one trustee was appointed.
- A formal observership role was introduced. An agreement sets out the terms of the observership, which involves the observer participating in all board meetings and other trustee activities but has no decision-making responsibility or entitlement to vote. The observer is appointed for a two-year term with a review at the end of the first year.

Staff

- During the year a communications, policy and public affairs officer joined the team to support the communications manager.

- The staff implement the policies and strategies set by the board.
- The trustees have delegated responsibility to the chief executive to approve grants of up to £75k.
- All staff are employed by the Nationwide Building Society and receive remuneration in accordance with their employment contract with the Society. The Foundation's Nominations and Remunerations Committee sets the chief executive's salary within the parameters of Nationwide Building Society's salary bands.

Key relationships

- Nationwide Building Society is the Nationwide Foundation's main benefactor and supplier of in-kind support including offices.
- The Nationwide Foundation is a member of the following networking and support organisations: Association of Charitable Foundations (ACF), Association of Chief Executives of Voluntary Organisations (ACEVO) and National Council of Voluntary Organisations (NCVO).

Fundraising activity

The Nationwide Foundation had no fundraising activities requiring disclosure under S162A of the Charities Act 2011. Almost all the Nationwide Foundation's income comes from an annual donation from Nationwide Building Society and a funding agreement is in place which sets out the basis for the donation.

Statement of trustees' responsibilities

The trustees (who are also directors of the Nationwide Foundation for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustee has taken all steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Review

Income

Income for 2019/20 totalled £2,571,230 (2018/19: £2,927,589). This is primarily made up of an annual donation from Nationwide in 2019/20 £2,400,000 (2018/19: £2,763,333). In addition to the annual donation, in 2019/20, the Society donated services to the Nationwide Foundation totalling £113,477 (2018/19: £111,253). This represents provision of office space, technology, legal and accountancy support.

The Nationwide Foundation's principal source of income is an annual donation from the Nationwide Building Society. The donation is received annually and is 0.25% of Nationwide's pre-tax statutory profit averaged over three years. Nationwide provides a three-year donation floor to provide the Foundation with a commitment that supports the Foundation to plan for the medium-term. The floor can only be adjusted in specified extraordinary circumstances.

Expenditure

Expenditure for 2019/20 totalled £3,465,235 (2018/19: £2,388,599). The Foundation's expenditure was used to fund charitable causes and support the running of the Nationwide Foundation. Grants awarded during the year are usually payable in instalments. Grants are often awarded over multi-year periods. Each grant is subject to monitoring to ensure satisfactory progress and some larger grants require board approval to release the future years' instalments.

Reserves policy

The trustees review the reserves policy annually and monitor the level of reserves throughout the year. All the Nationwide Foundation's reserves are unrestricted and trustees set out how and why the funds should be designated as set out below:

Purpose for designation of funds	Amount designated at 31 March 2020	Explanatory notes
A contingency fund that allows the Nationwide Foundation to be able to manage all current funding commitments and allows the trustees time to consider what action should be taken if unexpected events occur, such as the withdrawal of support from its sole benefactor.	£550,000	The trustees annually review the level of contingency funds required. This is made up of a prudent estimation of the running costs required for the Nationwide Foundation to continue functioning for up to three years after any withdrawal of funding.
To ensure the Nationwide Foundation can fulfil its funding commitments under the current funding strategy.	£2,320,475	These funds represent the total amount that has been pledged to fund multi-year grants. The funds will be recognised as expenditure in future years subject to the completion of a requirement attached to the grant, such as an annual report.
For the cost of monitoring and evaluation of Decent Affordable Homes Phase Two.	£ 11,716	The Foundation is committed to evaluating its own practices and the work it funds to understand its impact and to aid learning both internally and externally. Funds are set aside to cover the cost of robust evaluation and continuous learning activity.
For the funding of future work under the Decent Affordable Homes Phase Two.	£131,866	These funds represent the amount that the board has committed to Decent Affordable Homes Phase Two but have not yet been awarded. The strategy is being delivered over 10 years and funds have been spread across multiple years to manage the distribution and management of grant funding. This amount is expected to be committed in full to new grants during in early 2020/21.
For funds that have been awarded as programme related investments.	£310,203	For a full breakdown see note 10 to the financial statements.
Future fund	£416,116	Due to the expected reduction in income over the next three years, funds are set aside to top up future grant making activity to help to maintain charitable activity as much as possible.
Total designated funds:	£ 3,740,376	

Investment policy

The Nationwide Foundation's investment policy sets out following objectives:

- To produce the best financial return within an acceptable level of risk.
- To preserve the value of the capital.
- To hold sufficient levels of liquid funds to make grant payments, award new grants, cover running costs and any unanticipated cash flow requirements.

The investment policy identifies the Foundation's attitude to risk which recognises that that charitable activity is funded from the annual donation and the Foundation's activity is not reliant on income from investments. This is why, preserving the value of the capital in real terms is an objective and minimal risks are taken. The policy specifies criteria that must be applied when making different types of investments to manage the risks. This includes spreading the funds across different financial institutions that meet a set of requirements such as minimum credit ratings and being based in the UK.

The Trustees have considered the ethical standards it wishes to meet through its investments and the following statement is included in the investment policy:

"The Nationwide Foundation is committed to ensuring that all investment decisions are made responsibly. The Foundation has a strong preference for an ethical investment portfolio that is consistent with the values and objectives of the Foundation.

In addition to broad ethical considerations that take into account the impact that the assets being invested in have on society, specific consideration will be given to investment in assets that directly relate to the strategy at the time. The Foundation will not invest in assets that are in conflict with the strategic objectives.

For example, while delivering the Decent Affordable Homes strategy, funds will not be invested in residential property that does not support the creation of decent, affordable homes."

The policy permits trustees to manage the Nationwide Foundation's investments up to an agreed amount. In 2019/20 this amount was £7.5m. The use of an investment manager is reviewed annually.

Investments

The majority of funds are held in either fixed-term or instant access cash accounts on which interest is earned. Interest earned in 2019/20 totalled £56,828 (2018/19: £53,003).

In 2019/20 the Foundation invested £550,000 in CCLA's COIF Charities Ethical Investment Fund as it met the Foundation's risk requirements and ethical standards.

At 31 March 2020 the value of the investment had reduced to £502,525 – a loss of £47,475. This loss was to be expected due to the economic uncertainty at year-end. The Trustees had made the investment with a long-term outlook and agreed to watch the ongoing performance of the investment closely to ensure that the objective of maintaining the value of the capital was being achieved. At 30 June 2020, the value of the investment had increased to £575,816 representing an increase in the value of the capital.

The Trustees management of the Foundation's funds was in line with the investment objectives set out above.

Programme related investment policy

The policy on social investments adheres to the following guidance from the Charity Commission:

"Programme related investments (also known as social investments) are made directly in pursuit of the organisation's charitable purposes. Although they can generate some financial return (funding may or may not be provided on commercial terms), the primary motivation for making them is not financial but to further the objects of the funding charity."

During the year:

- One new £150,000 programme related investment was made to CAF Venturesome for the Community Led Housing Fund.
- Repayments were received from existing social investments (£5,000 from Community Land Trust Fund I, £11,803 from Community Land Trust Fund II and £2,427 from Highlands Small Communities Housing Trust).
- Interest earned during the year totalled £2,573 (2018/19: £2,666).

Financial outlook

Due to wider market conditions, the Foundation's donation floor reduces year-on-year over the next three financial years. There is also a possibility that income in the medium-term could be further impacted by the financial implications of Covid-19. The Nationwide Foundation is prepared to be responsive and flexible as the impact of Covid-19 become clearer. This includes preparing for a reduction in income and an increase in demand and need in the areas that are funded.

To help smooth any reduction in funds and avoid a significant reduction in the delivery of charitable activity, funds from this year's income that are over and above the original commitment made to Phase Two of the strategy, have been set aside in a future fund rather than committed in 2019/20.

The reduction in the Foundation's income coincides with the beginning of Phase Three of the Decent Affordable Homes strategy. The emphasis of Phase Three will be to use the learning and evidence created from Phase Two to influence change as explained in the future plans section of this report. Because of the quality and success of the work funded in Phase Two there is a lot to do and the Foundation's staff team take a bigger role in delivering the work to achieve the charitable goals of the Decent Affordable Homes strategy. Because of this it is expected that running costs will stay at a similar level and the amount awarded in grants will reduce. However, this reduction in grant awarded is anything but a reduction in activity and outcomes.

Guarantees

The guarantor members of the charity, who are also the trustees, guarantee an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2020 was 10 (2018/19: 10). The members are only entitled to voting rights and do not have a beneficial interest in the charity.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

Approval

The trustees have agreed these financial statements which have taken advantage of the small companies exemptions provided by section 415a of the Companies Act 2006.

Approved by the board of trustees on 10 September 2020 and signed on behalf of the board of trustees by the chair and another trustee:

Chair

Saphié Ashtiany

Trustee.....

Sarah Mitchell

Trustees/Directors

Terrie Alafat ◊

Saphié Ashtiany (chair) ∞

Antonia Bance ∞

Sara Bennison † ∞

Clara Govier ◊ (retired 21 August 2019)

Gill Leng ◊ (appointed 15 April 2020)

Judith McNeill

Sarah Mitchell (vice-chair) ◊ ∞

Usha Prashar † (appointed 7 September 2020)

Tony Prestedge † (retired 24 August 2020)

John Taylor ◊ (retired 10 September 2020)

Ian Williams † ◊

Anya Martin (observer - not a director)

† Appointed by Nationwide Building Society

◊ Member of the Finance and Risk Committee

∞ Member of the Nominations and Remunerations Committee

Chief Executive: Leigh Pearce

Company Secretary: NBS CoSec Limited

Accountant: Oliver Robinson

Auditors: Crowe U.K. LLP, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

Bankers: CAF Bank, 25 Kings Hill, West Malling, Kent, ME19 4JQ

Investment managers: CCLA Investment Management Limited and CCLA Fund Managers Limited, Senator House, 85 Queen Victoria Street, London, EC4V 4ET

Solicitors: Bates Wells Braithwaite, 10 Queen Street Place, London, EC4R 1BE

Registered charity no. 1065552 Registered company no. 3451979
Registered office address: Nationwide House, Pipers Way, Swindon, SN38 1NW

THE NATIONWIDE FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2020
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Notes	2020 £	2019 £
INCOME AND ENDOWMENTS FROM:			
Donations and legacies	2	2,400,925	2,763,333
Income from investments	3	56,828	53,003
Other income	4	113,477	111,253
Total income and endowments		2,571,230	2,927,589
EXPENDITURE ON:			
Charitable activities	5	(3,465,235)	(2,388,599)
Total expenditure		(3,465,235)	(2,388,599)
Net gains/(losses) on fixed asset investments	11	(47,475)	-
Net (expense)/income and net movement in funds		(941,480)	538,990
Fund balances brought forward		4,681,856	4,142,866
Fund balances carried forward	16	3,740,376	4,681,856

The notes on pages 24 to 33 form part of these financial statements.

All income is unrestricted. All amounts relate to continuing operations.

There were no recognised gains or losses other than the net income for the year in the Statement of Financial Activities (2019: £nil).

THE NATIONWIDE FOUNDATION
BALANCE SHEET
AS AT 31 MARCH 2020
COMPANY REGISTERED NUMBER: 3451979

	Notes	2020 £	2019 £
FIXED ASSETS			
Programme related investments	10	308,138	196,822
Fixed term deposits		-	2,000,000
Investments	11	502,525	-
TOTAL FIXED ASSETS		810,663	2,196,822
CURRENT ASSETS			
Programme related investments	10	2,065	7,065
Debtors	12	41,119	26,593
Fixed term deposits		3,000,000	3,300,000
Cash at bank		1,416,012	245,107
TOTAL CURRENT ASSETS		4,459,196	3,578,765
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(1,521,222)	(1,093,731)
NET CURRENT ASSETS		2,937,974	2,485,034
TOTAL ASSETS LESS CURRENT LIABILITIES		3,748,637	4,681,856
NON-CURRENT LIABILITIES			
Creditors: amounts falling due after one year	13	(8,261)	-
NET ASSETS	14	3,740,376	4,681,856
UNRESTRICTED FUNDS OF THE CHARITY			
Designated funds	16	3,740,376	4,681,856
TOTAL FUNDS		3,740,376	4,681,856

The notes on pages 24 to 33 form part of these financial statements.

The financial statements were approved by the board of Trustees on 10 September 2020 and signed on behalf of the board of trustees by the chair and another trustee

} Chair - Saphié Ashtiany
}

} Trustee - Sarah Mitchell
}

THE NATIONWIDE FOUNDATION
CASH FLOW STATEMENT
AS AT 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Net movement of funds per statement of financial activities	(941,480)	538,990
Adjustments for:		
Interest from investments	(56,828)	(53,003)
(Increase)/decrease in debtors	(14,526)	16,202
Increase in creditors	435,752	48,803
Losses on fixed asset investment	47,475	-
Net cash (outflow)/inflow from operating activities	(529,607)	550,992
Cash flows from investing activities		
Fixed term deposits redeemed	3,300,000	5,050,000
Fixed term deposits issued	(1,000,000)	(6,350,000)
Interest from investments	56,828	53,003
(Payments)/receipts from programme related investments	(106,316)	8,584
Fixed asset investment issued	(550,000)	-
Net cash inflow/(outflow) used in investing activities	1,700,512	(1,238,413)
Increase/(decrease) in cash and cash equivalents in the year	1,170,905	(687,421)
Cash and cash equivalents at the beginning of the year	245,107	932,528
Total cash and cash equivalents at the end of the year	1,416,012	245,107

Cash and cash equivalents comprises cash at bank.

THE NATIONWIDE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies

Charity information

The Charity is a company limited by guarantee (registered number 3451979), which is incorporated in the UK. The address of the registered office is Nationwide House, Pipers Way, Swindon, SN38 1NW.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2019), applicable UK accounting standards including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

The Nationwide Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Going concern

The charity has cash resources and has no requirement for external funding. The Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and have considered the potential impacts of Covid-19. They continue to believe the going concern basis of accounting is appropriate in preparing the annual financial statements.

Significant judgements and estimates

The management consider that there are no material judgements in applying accounting policies or key sources of estimation uncertainty.

Accounting policies

The following accounting policies have been applied consistently in the preparation of the financial statements.

(i) **Income**

Both donation income and interest income are credited to the Statement of Financial Activities when a receipt is probable, there is evidence of entitlement and it can be measured reliably.

(ii) **Grants**

Grants are charged to the Statement of Financial Activities when an unconditional commitment has been made to provide the grant. Grant commitments made with conditions are pledged and provided for in the designated fund.

(iii) **Programme related investments**

Programme related investments that are loans are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts. Programme related investments are held at cost as the Foundation is unable to obtain a reliable estimate of fair value.

(iv) **Donated goods and services**

Donated goods and services represent Nationwide Building Society specialist staff services and accommodation costs which have not been directly charged to the Foundation.

1. Accounting policies (continued)

- (v) **Allocation of expenditure**
Staff costs have been apportioned on the basis of the approximate time allocated by the Chief Executive and other officers between the Foundation's charitable objectives and governance. Where possible, other costs are allocated on an individual basis to the relevant objective or to governance costs. If costs are not directly attributable to particular objective(s) or to governance, they are apportioned using the same basis as the staff costs. The allocation methodology is reviewed annually to ensure that it is still appropriate.
- (vi) **Designated funds**
Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of such designated funds is set out in the notes to the financial statements.
- (vii) **Irrecoverable VAT**
Irrecoverable VAT is charged to the Statement of Financial Activities.
- (viii) **Cash flow statement**
A cash flow statement has been prepared under FRS 102. Cash and cash equivalents represent cash in hand and notice deposits of less than 30 days.
- (ix) **Pension costs**
The officers of the Foundation are part of Nationwide Group pension arrangements. The only pension costs to the Foundation are the employers' pension scheme contributions which are re-charged to the Foundation. Pension scheme liabilities are borne by the Society.
- (x) **Debtors**
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.
- (xi) **Creditors**
Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.
- (xii) **Financial instruments**
The charity holds only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 14 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to debtor balances excluding prepayments and cash and cash equivalents, and financial liabilities referring to all creditor balances excluding deferred income.
- (xiii) **Fixed asset investments**
Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations throughout the year.
- (xiv) **Gains and losses**
All gains and losses are taken to the Statement of Financial Activities as they arise. Gains and losses are calculated as the difference between the market value at the balance sheet date and opening market value (or purchase value if the date is later).

2. Donations and legacies

	2020 £	2019 £
Nationwide Building Society	2,400,000	2,758,333
Other donations	925	5,000
Total	2,400,925	2,763,333

3. Income from investments

	2020 £	2019 £
Bank interest receivable	54,255	50,337
Interest from programme related investments	2,573	2,666
Total	56,828	53,003

4. Other incoming resources

	2020 £	2019 £
Donated services from Nationwide Building Society	113,477	111,253
Total	113,477	111,253

Donated services are analysed in note 5(b).

5. Analysis of total expenditure

	Staff costs £	Support costs £	Grants £	Donated services £	Total 2020 £	Total 2019 £
Charitable activities by objective						
Decent Affordable Homes funding strategy	370,255	188,684	2,753,490	102,985	3,415,414	2,343,846
Governance costs	25,807	13,522	-	10,492	49,821	44,753
Total	396,062	202,206	2,753,490	113,477	3,465,235	2,388,599

For further analysis of staff costs see note 6.

5. Analysis of total expenditure (continued)

	2020	2019
	£	£
(a) Analysis of support costs		
Administration and IT	52,222	81,125
Learning and evaluation and system mapping	149,984	144,581
Total	202,206	225,706

	2020	2019
	£	£
(b) Donated services		
Specialist staff services	87,758	45,253
Facility costs	25,719	66,000
Total	113,477	111,253

Donated services represent the cost of specialist staff services and accommodation which have not been directly charged to the Foundation by Nationwide Building Society. In addition, Nationwide Building Society provides the Foundation with other services such as IT support which cannot be readily quantified. IT costs for the maintenance of the Foundation's grants administration system are paid by the Foundation and are included in support costs.

	2020	2019
	£	£
(c) Analysis of governance costs		
Staff costs	25,807	24,022
Trustees' expenses	828	1,316
Audit costs (inclusive of irrecoverable VAT)	11,289	10,980
Other administration costs	1,405	750
Donated services	10,492	7,685
Total	49,821	44,753

6. Staff costs

The officers of the Foundation are employed by Nationwide Building Society but seconded to the Foundation for the duration of their employment under the terms of the Framework Agreement between the Society and the Foundation.

The amounts charged as direct staff costs comprised:

	2020	2019
	£	£
Salaries	292,649	262,202
Social security	31,617	27,998
Pension contributions	71,796	66,341
Total staff costs	396,062	356,541

6. Staff costs (continued)

The average number of persons employed by the Society who acted as officers of the Foundation was 8 (2019: 7). The number of employees of the Society who acted as an officer of the Foundation receiving emoluments of over £60,000 and less than £70,000 was nil (2019: 2) and emoluments of over £70,000 and less than £80,000 was 1 (2019: nil). All staff receive emoluments, including benefits in kind, in accordance with Nationwide Building Society employment policies. For details of pensions costs see note 1(ix).

The average number of employees during the year was made up as follows:

	2020	2019
Decent Affordable Homes funding strategy	7	6
Governance	1	1
Total	8	7

During the year, the Foundation's employees have worked together on all of the Foundation's charitable objectives.

7. Net income resources for the year

Net income for the year is stated after charging:

	2020	2019
	£	£
Trustees' expenses	828	1,316
Auditors' remuneration:		
Audit services - current year	9,220	8,950

None of the trustees / directors received any emoluments in respect of services to the Foundation (2019: nil).

Trustees' expenses

Trustees' expenses include amounts reimbursed to trustees for out of pocket expenses and amounts paid for by the charity to third parties for costs such as travel, accommodation, subsistence and training. Trustees are reimbursed for travel expenses when claimed. During the year, 5 trustees (2019: 7) received reimbursements of personal travel and subsistence expenditure amounting to £828 (2019: £1,316).

8. Grants payable

The Nationwide Foundation committed to the following grants and received the following repayments during the year in relation to its Decent Affordable Homes strategy.

All grants are made to institutions.

	2020	2019
	£	£
DECENT AFFORDABLE HOMES FUNDING STRATEGY		
Affordable Housing Commission additional funding	32,120	-
ACRE	(1,791)	-
Camden Federation of Private Tenants	-	16,000
Cambridge Centre for Housing & Planning Research	-	34,918
Citizens Advice	87,557	-
Community first Yorkshire	-	4,920
DAH Added Value	39,668	25,879
PRS Review launch	-	29,747
Dumfries and Galloway Small Communities Housing Trust	44,714	10,236
East Midlands CLH (EMCLH)	52,500	19,000
Empty Homes Agency	-	(7,864)
Fair Housing Futures	113,559	128,684
Faith in Affordable Housing (Housing Justice)	91,857	73,446
Finance for Sustainability	-	45,000
Frameworks	122,669	-
Highlands Small Communities Housing Trust (HSCHT)	80,000	85,338
Homeless Link	-	56,250
Indigo House - Scotland PRS research	125,277	-
Institute for Public Policy & Research	-	75,188
Manifesto for the future of our housing (Tenants Union)	63,344	-
National CLT Network (NCLTN)	91,768	43,583
National Custom and Self Build Association	34,500	-
Networking and best practice for TVP	1,267	-
New Economics Foundation	104,114	98,290
Renters Rights London (Camden Federation)	62,732	-
Renters Voice NI (Housing Rights)	74,010	-
Tenants Together - Living Rent	28,415	-
Tenants United (Shelter)	32,052	-
Test & Learn Fund	666,000	-
The National Custom and Self Build Association	-	115,879
The Smith Institute	134,875	185,365
Town & Country Planning Association	141,098	61,265
University of York	204,434	13,547
Wales Co-operative Centre	(3,954)	258,589
Knowle West Media Centre (We Can Make)	220,247	74,629
Wessex Community Assets Ltd	45,406	30,700
West Kensington Community Homes Ltd	28,000	52,000
Young Foundation	(12,948)	164,510
Zacchaeus 2000 Trust	50,000	-
TOTAL GRANTS/(REPAYMENTS)	2,753,490	1,695,099

9. Taxation

Corporation tax payable for the year ended 31 March 2020 was Enil (2019: Enil).

10. Programme related investments

	2020 £	2019 £
Non-current assets		
Community Led Housing Fund	150,000	-
Community Land Trust Fund II	76,243	112,500
Highlands Small Communities Housing Trust	61,895	64,322
Wessex Community Assets	20,000	20,000
	<hr/> 308,138	<hr/> 196,822
Current assets		
Community Land Trust Fund I	2,065	7,065
	<hr/> 2,065	<hr/> 7,065
Total programme related investments at 31 March	<hr/> 310,203	<hr/> 203,887

The Foundation has five ongoing programme related investments:

- £150,000 in support of the Community Led Housing Fund. These funds are due to be returned during 2025-27.
- £76,243 in support of the Community Land Trust Fund II. These funds are due to be returned between 2020-22.
- £61,895 in support of Highlands Small Communities Housing Trust. These funds are due to be repaid over the next 17 years.
- £20,000 in support of Wessex Community Assets. These funds are due to be returned over the four years following receipt.
- £2,065 in support of the Community Land Trust Fund I. These funds are due to be returned during 2020-21.

11. Fixed asset investment

	2020 £	2019 £
Balance at 1 April	-	-
Additions	550,000	-
Revaluations	(47,475)	-
Balance at 31 March	<hr/> 502,525	<hr/> -

In November 2019 £550,000 was invested in a common investment fund.

12. Debtors

	2020	2019
	£	£
Accrued interest	36,741	23,565
Prepayments	4,378	3,028
Total	41,119	26,593

13. Creditors

	2020	2019
	£	£
Amounts falling due within one year		
Grants payable	1,223,338	936,763
Programme related investment commitments	183,541	57,994
Other creditors	36,061	30,242
Accruals	78,282	68,732
Total	1,521,222	1,093,731
Amounts falling due after one year		
Grants payable	8,261	-
Total	8,261	-

14. Analysis of net assets between funds

	Designated Fund	
	2020	2019
	£	£
Fixed assets	810,663	2,196,822
Current assets	4,459,196	3,578,765
Current liabilities	(1,521,222)	(1,093,731)
Non-current liabilities	(8,261)	-
Total	3,740,376	4,681,856

15. Financial instruments

	2020	2019
	£	£
Financial assets measured at amortised cost	4,452,753	5,568,672
Financial assets measured at fair value	502,525	-
Financial liabilities measured at amortised cost	1,529,483	1,093,731

Financial assets measured at amortised cost comprise all cash and cash equivalents and debtor balances excluding prepayments.

Financial assets measured at fair value comprise of a fixed asset investment.

Financial liabilities measured at amortised cost comprise all creditor balances excluding deferred income.

16. Designated funds

The designated funds, represented below, are allocated as per the reserves policy described in the Directors' Report and as per note 1(vi).

2020	Decent Affordable Homes funding strategy					Other designated funds	Total
	Uncommitted	Pledged	PRI	Learning and evaluation and system mapping	Running costs	Contingency fund	
	£	£	£	£	£	£	£
Brought forward	1,078,305	2,687,964	203,887	161,700	-	550,000	4,681,856
Incoming resources	2,457,753	-	-	-	-	-	2,457,753
Resources expended	(2,753,490)	-	-	(149,984)	(448,284)	-	(3,351,758)
Transferred	(187,111)	(367,489)	106,316	-	448,284	-	-
Gains and losses	(47,475)	-	-	-	-	-	(47,475)
Carried forward	547,982	2,320,475	310,203	11,716	-	550,000	3,740,376

2019	Decent Affordable Homes funding strategy					Other designated funds	Total
	Uncommitted	Pledged	PRI	Learning & evaluation	Running costs	Contingency fund	
	£	£	£	£	£	£	£
Brought forward	1,085,310	1,988,804	212,471	306,281	-	550,000	4,142,866
Incoming resources	2,816,336	-	-	-	-	-	2,816,336
Resources expended	(1,695,099)	-	-	(144,581)	(437,666)	-	(2,277,346)
Transferred	(1,128,242)	699,160	(8,584)	-	437,666	-	-
Carried forward	1,078,305	2,687,964	203,887	161,700	-	550,000	4,681,856

Donated services from the Nationwide Building Society are not included in the designated fund.

17. Related parties

The Nationwide Foundation is an independent charity, set up and funded by Nationwide Building Society (“the Society”). A legal contract called the Framework Agreement sets out the working relationship between the Society and the Nationwide Foundation and encompasses the provision of funds and donated services including office space, technology and other support. All financial donations and donated services are disclosed in the financial statements. The Society can appoint three of ten trustees. In the opinion of the board, there is no ultimate controlling party of the Nationwide Foundation.

All staff and trustees are asked annually to record any conflicts of loyalty or interest and to declare them at the start of each board and committee meeting. During the year, one related party transaction was registered: One trustee (Saphié Ashtiany), was also a trustee of the Joseph Rowntree Foundation (JRF). In 2019/20 the Nationwide Foundation agreed to jointly fund the Frameworks Institute with JRF. The trustee was not involved any decisions relating to the grant paid.

Total aggregate compensation paid to key management personnel (the Chief Executive) amounts to £97,037 (2019: £95,341).

18. Post balance sheet events

In June 2020, a donation of £2,000,000 was received from the Nationwide Building Society. These funds were designated for the Decent Affordable Homes Strategy as per the reserves policy in the Annual Report.